

# DAILY BULLETIN

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## U.S. OFFICIAL DEFENDS ROLES OF NONGOVERNMENTAL GROUPS

State's Lowenkron testifies at Senate hearing on  
backlash against NGOs

By Jeffrey Thomas  
Washington File Staff Writer

Washington - The United States will continue to support the rights of individuals to form, join and participate in nongovernmental organizations (NGOs) of their choosing, a State Department official told the Senate Foreign Relations Committee.

"[I]n today's world, the problems confronting states are too complex even for the most powerful states to tackle alone," Barry F. Lowenkron, the assistant secretary of state for democracy, human rights and labor, said June 8 at a Senate hearing on the restrictions that some governments are placing on the activities of these groups.

"The contributions of NGOs are crucial in addressing a host of domestic and international challenges," he said. "Restricting the political space of NGOs only limits a society's own political and economic growth."

Lowenkron outlined steps the United States should continue to take in order to "defend the defenders" of human rights and democracy promotion. These actions, he said, include speaking out against those who would unduly restrict NGOs, ensuring NGO protection is an integral part of U.S. diplomacy, and expanding the role of regional organizations in protecting NGOs.

He also called for maximizing global opportunities to raise concerns about the treatment of NGOs, nurturing new organizations that can help NGOs to flourish, and ensuring that NGOs have the resources they need to carry out their vital work.

Finally, he recommended creating a short list of guiding principles that the United States would use to assess the behavior of other governments toward NGOs and would consider in U.S. bilateral relationships.

Lowenkron traced the recent crackdown on NGOs to the reaction of some rulers to the "color revolutions" between 2003 and 2005 in Georgia, Ukraine and Kyrgyzstan. Some rulers, he said "have not grasped that these revolutions were examples of citizens standing up for their right to free elections and demanding accountability when election results did not reflect the clear will of the people because of manipulation."

There are "not surprisingly" some leaders "who do not welcome NGOs and other agents of peaceful, democratic change," he said. "After all, the work of NGOs may vary widely, but what they all have in common is enabling individuals to come together to create an independent voice distinct from, and at times in disagreement with, the government's views."

## RUSSIA

During his trip to Moscow in early January, Lowenkron said he encountered deep suspicion among Russian officials and lawmakers that Western states had manipulated election outcomes and that promotion of democracy was part of a "zero-sum game of geopolitical influence."

"I emphasized to my Russian interlocutors that they were fundamentally mistaken about what happened in Ukraine and Georgia, that our NGO funding and activities there were transparent, fully in keeping with the Organization for Security and Cooperation in Europe's [OSCE] and other international norms, and designed to help ensure that elections are free and fair, not to pick winners and losers," Lowenkron said.

Lowenkron said the new Russian law on NGOs "has the potential to cripple the vital work" of these groups and "could retard Russia's democratic development."

The United States continues "to urge the Russian government to implement the new law in a way that facilitates,

not hinders, the vital work of NGOs and is in compliance with Russia's international commitments," he said.

Lowenkron said he would like both the United States and other countries adopt a principle that "laws, administrative measures, regulations and procedures governing or affecting NGOs should protect -- not impede -- their operation, and that they should never be established or enforced for politically motivated purposes."

But "perhaps the most important principle of all," he said - is that "whenever NGOs are under siege, it is imperative that democratic nations act to defend their rights."

## U.S Democracy Assistance Programs

The hearing also addressed a report by the National Endowment for Democracy (NED) on the efforts of foreign governments to impede U.S. programs for democracy assistance. The report was requested by the chairman of the committee, Senator Richard Lugar.

The United States spends \$1.4 billion annually worldwide on democracy assistance programs, according to Lowenkron.

The 52-page report concludes that the backlash against NGOs and democracy protection, while it does not "threaten a reversal of the historic trend towards democracy," does represent serious setbacks in specific countries and regions, particularly in the former Soviet Union, and also presents "serious challenges to democracy promotion groups, operationally and politically."

The report expresses cautious optimism, however, that the resourcefulness and adaptability of the NGOs that promote democracy together with the "remarkable resilience and application of grassroots democratic activists" will overcome the current challenges.

The report concludes with a number of suggestions for Congressional action to counter the backlash against NGOs.

The full text of the report(PDF, 56 pages) is available can be found on the Web site of NED, which is a private, nonprofit, grant-making organization created in 1983 to strengthen democratic institutions around the world: <http://www.ned.org/publications/reports/backlash06.pdf>

The full text of Lowenkron's prepared testimony is available on the State Department Web site:  
<http://www.state.gov/g/drl/rls/rm/2006/67756.htm>

For additional information on U.S. policy in the regions, see Europe and Eurasia:  
<http://usinfo.state.gov/eur/>

#### U.S. IMPROVING CONTROLS ON "DUAL USE" EXPORTS TO CHINA

Commerce Department sees increasing high-tech trade, enhanced security

Washington -- The United States has strengthened its economic interests and protected its security interests by improving its export control policy on sales to China of technologies with dual civilian and military use, says David McCormick, under secretary of commerce for industry and security.

McCormick was invited to speak about "China Policy and High Technology Trade" by the Technology and Public Policy Program of the Center for Strategic and International Studies, a Washington research institute, on June 9.

"U.S. policy should facilitate sales of American-made semiconductors to companies in China for use in stereos or [video games], but not for advanced missile systems or submarines," he told the audience. "Strengthening our economic interests and our security interests in China need not be a zero sum game."

McCormick said the U.S. Commerce Department's Bureau of Industry and Security (BIS) has made considerable progress over the last several years in increasing the effectiveness of its strategic trade controls, which has supported the growth of legitimate civilian technology trade.

"We have an increasingly healthy high-tech trade relationship with China with over \$12 billion in U.S. high-tech exports to China last year," he said.

#### ADJUSTING TO CHINA'S GROWING POWER

China's emergence as a major economic power is a significant development that has led the United States to review "major facets" of its policies, McCormick said.

"The Bush Administration has responded to China's rise by encouraging it to act as a responsible stakeholder -- that is, to take greater responsibility for the health and success of the global system from which China has significantly benefited," he said. "Our goal is straightforward: that China's development be both peaceful and prosperous."

Cooperation between the two countries has created tremendous opportunities, McCormick said, but real challenges remain, requiring "careful and candid dialogue." For example, he noted, the United States continues to be concerned about China's failure to protect the intellectual property rights of U.S. producers and its lagging record on safeguarding human rights.

"China's military modernization is a third area of concern, and one which is particularly central to export control policy," he said.

McCormick cited a recent study by the RAND Corporation, which found that China has sought to acquire dual use technologies that could be incorporated in its defense systems.

"It is important to note that China's growing and non-transparent military budget has risen faster than its overall economy," he said.

China's declared military budget grew at an average annual rate of about 16 percent between 1994 and 2004, he said, with annual expenditures possibly reaching \$90 billion in 2005. Only the United States and Russia spent more on military-related expenses.

A report from the U.S. Department of Defense warned that China's military capabilities could become a "credible threat" to other forces operating in the region if these trends continue, McCormick said.

China's focus on obtaining technology that can be used to strengthen its missile capabilities and naval forces has created uncertainty about its intentions, he said, forcing the United States and other countries in the region to take precautions.

“U.S. policy -- export control policy in particular -- must reflect this caution and this concern,” he said.

## EXPORT CONTROL POLICY FOCUSING ON BUYERS

In April, McCormick said, the U.S.-China Joint Commission on Commerce and Trade, a government-to-government consultative mechanism on trade and commercial issues, announced the establishment of a high-tech strategic trade working group. The working group’s mission was to improve the effectiveness of U.S. export controls in order to facilitate legitimate civilian technology trade.

New U.S. export-control policy requires “closer scrutiny of key technology purchasers in China,” the under secretary said.

To become eligible to import “certain technologies,” he said, Chinese companies must undergo a certification process in which they “demonstrate an established record of nonproliferation and responsible civilian use of U.S. imports.”

The change has taken a burden off U.S. exporters of potential dual use items such as semiconductors and electronics, McCormick said. These companies will no longer be required to apply for export licenses, which earlier applied to “potentially hundreds of millions of dollars worth of sales.”

The under secretary cautioned that the certification process “will require unprecedented openness and cooperation on the part of Chinese companies.”

But it also will have tangible benefits, he said, because it creates incentives for those companies “to demonstrate good faith and sound practices.”

The policy will strengthen U.S. security, McCormick said, because it allows the U.S. government to focus on particular cases and areas of risk that have the greatest significance.

The United States also will continue to conduct “on-the-ground spot checks in China to reduce the risk that civilian exports are diverted to third parties or to China’s own military purposes,” he added.

Policies that involve national security and economic objectives often are believed to require “tradeoffs that

inevitably promote one at the expense of the other,” McCormick said.

“These changes to technology export controls are ‘win-win’,” he said. “They enhance both U.S. economic and security interests while encouraging China to act as a responsible stakeholder now and in the future.”

For additional information on U.S. policies, see The United States and China:

[http://usinfo.state.gov/eap/east\\_asia\\_pacific/china.html](http://usinfo.state.gov/eap/east_asia_pacific/china.html) and the International Security page:

<http://usinfo.state.gov/is/>

## U.S. PROMOTES INTEGRATION OF SOUTH AND CENTRAL ASIA

Boucher speaks at Central Asia Power Sector Forum in Istanbul

By Louise Fenner  
Washington File Staff Writer

Washington -- New energy, transportation and trade links between the countries of Central and South Asia can help bring prosperity and long-term stability to the region and restore it as a cultural and commercial crossroads, says Assistant Secretary of State Richard Boucher.

Expanding economic links between the two regions “is a win-win situation for all,” he said June 13 at the Central Asia Power Sector Forum in Istanbul, Turkey. Recalling the ancient Silk Road trade route, Boucher said, “We hope this region can once again bring together the goods, people and ideas of the world.”

“Economic stability and independence come from having multiple outlets to the world -- multiple sets of pipelines, multiple transport corridors, and multiple trading partners,” Boucher said. The land-locked countries of Central Asia and Afghanistan “are all dependent on their neighbors and would benefit greatly from increasing their connections to each other.”

He stressed the need “for multiple north-south links, as well as multiple east-west links, to be developed in energy, transportation, trade and communications.”

Developing additional energy links was the purpose of the conference Boucher addressed. The meeting brought together public-sector and private-sector experts looking for cheaper and more reliable supplies of electricity from power-surplus countries in Central Asia to power-deficit countries in South Asia, such as Afghanistan and Pakistan.

The conference was sponsored by the U.S. Trade and Development Agency (USTDA) Central Asian Infrastructure Integration Initiative. USTDA is a foreign assistance agency that builds partnerships between American companies and overseas project sponsors.

The United States has long supported multiple outlets for Central Asian gas and oil "as a way to increase export options and opportunities for all," Boucher said. "The same principle applies to the reason we are gathered here this week -- to focus on the exciting possibilities for electricity trading between Central and South Asia."

He said he hoped the government participants at the conference would "establish a framework to develop together a regional power-transmission corridor linking Central and South Asia."

Boucher also stressed the importance of participation by multinational investment banks to help fund large projects such as hydroelectric power plants and long-distance power lines, and by private-sector companies that provide technical expertise.

He also said governments in the region must assure transparency, rule-of law, and protection of investments in order to attract private businesses to their projects.

To help improve transportation in the region, Boucher said, a \$36 million U.S.-funded bridge will open in 2007 over the Pyanj River between Tajikistan and Afghanistan. Other U.S. initiatives are helping governments in the region lower regional and investment trade barriers and harmonize customs regulations.

Boucher said he intends to create a new position in the Bureau of South and Central Asian Affairs to help implement the regional integration initiative. He also said the U.S. Agency for International Development is providing \$3.5 million "in new targeted technical assistance to help establish a transparent and competitive Central Asian energy market."

USTDA is providing a \$800,000 grant to support a partnership between the Tajik government and the U.S. energy company AES that will rebuild existing power lines and export excess Tajik power to Afghanistan by the end of 2008.

Boucher frequently has spoken about the Bush administration's belief that strengthening the ties between South and Central Asia "and helping to build new ones in energy, infrastructure, transportation and other areas will increase the stability of the entire region." This was a theme at his confirmation hearing in February .

He also address the subject in his testimony to a congressional panel in April

The transcript of Boucher's remarks in Istanbul is available on the State Department Web site:  
<http://www.state.gov/p/sca/rls/rm/2006/67838.htm>

For additional information on U.S. policy in the region, see South and Central Asia:  
<http://usinfo.state.gov/sa/index.html>

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#### UNITED STATES RECOGNIZES NEWLY INDEPENDENT NATION OF MONTENEGRO

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Adriatic republic declared independence June 3 following peaceful referendum

By Vince Crawley  
Washington File Staff Writer

Washington -- The United States has recognized Montenegro as an independent state, Secretary of State Condoleezza Rice said June 13.

Montenegrins voted May 21 to end their 88-year-old union with Serbia, becoming the fifth republic to gain independence from the former Yugoslavia.

Montenegro declared independence on June 3 after international election monitors validated the results of its peaceful May 21 referendum. Serbia on June 5 declared itself to be a separate sovereign state and the successor to the State Union of Serbia and Montenegro. The European Union and numerous other states are also issuing formal statements of recognition for Montenegro.



“The United States has formally recognized the Republic of Montenegro as a sovereign and independent state,” Secretary of State Rice said in a statement read aloud by State Department spokesman Sean McCormack during the June 13 daily press briefing.

The decision to recognize Montenegro was made “following the request of its government and consistent with the provisions of the constitutional charter which established the State Union of Serbia and Montenegro,” Rice said.

The charter between Serbia and Montenegro “explicitly provided means by which the people of Montenegro could express their will with respect to independence,” she said.

“We congratulate the people of Montenegro for the peaceful and democratic manner in which they conducted their May 21 vote on independence,” Rice said.

“The honor of being counted among the free and independent states of the world brings with it the challenge of protecting and advancing the freedom, rights and prosperity of all the people of Montenegro and the responsibility to make a positive contribution to the community of nations,” Rice said.

“The United States will be considering in the coming days Montenegro’s proposal to begin a process of establishing diplomatic relations,” he said. “We look forward to continued friendship and cooperation with the people of Montenegro.”

On June 6, the office of the U.N. High Commissioner for Refugees, based in Geneva, pledged to continue providing protection for the roughly 26,000 refugees and displaced people in Montenegro. One out of every 25 people in the tiny Adriatic republic is a refugee or displaced person.

By cooperating with the independence of Montenegro, Boris Tadic, president of the Republic of Serbia, said his country now has an opportunity to demonstrate that Serbia is a peaceful member of the world community.

“Too many of our citizens will live in each other’s states to allow pettiness to prevail,” Tadic wrote in an essay printed in the June 7 edition of the Washington Post newspaper.

Kosovo, a province of Serbia, remains under U.N. administration and is negotiating for either independence or broad autonomy.

**Please Note:** Most texts and transcript mentioned in the U.S. Mission Daily Bulletin are available via our homepage: <http://geneva.usmission.gov/>

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